

Article

The Implementation of Corporate Governance in Islamic Insurance Institutions in Indonesia based on Islamic Financial Services Board Standard (IFSB) No 8

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Abstract: This research presents the implementation of Good Corporate Governance (GCG) from international standards. The research discusses issues relating to financial disclosures carried out by Islamic insurance institutions in Indonesia. This research aims to analyze and understand the implementation of corporate governance in Islamic insurance institutions in Indonesia based on POJK Number 73/POJK.05/2016 and IFSB standards number 08. The research used secondary data obtained from the annual report for 2018. The research method used is qualitative by using a composite value calculation as a measure of GCG quality. The results of research indicate that the implementation of Corporate Governance in Islamic insurance in general have done good corporate governance which is marked with the result of self-assessment of every Islamic insurance which on average gets a good predicate. The results of research on the implementation of Corporate Governance based on IFSB standards, majority the standards have been implemented. These standards have been well implemented regarding the governance framework, the code of ethics and business conduct, the governance structure and the disclosure of relevant information. However, there are several points have not been applied or not yet disclosed in the annual report.

Keywords: Islamic Insurance, Corporate Governance, IFSB.

1. Introduction

The growth of Islamic insurance institutions as one of Islamic financial instruments in Indonesia showed a significant increase. According to Rahim, one of the factors driving the growth of Islamic insurance is government regulations and policies. Therefore, as an authority, Financial Services Authority (OJK) made various efforts to encourage the growth of the Islamic financial industry. One effort is to join as a full member of the Islamic Financial Services Board (IFSB) and adopt IFSB international standards as a reference to financial industry regulations.

International standards are indispensable to activities of Islamic financial industry to facilitate the presentation of a proportional and uniform framework in terms of size and complexity of each Islamic insurance. Moreover, Islamic insurance has different principle of activity from conventional insurance. International standard can be a benchmark for Islamic insurance. Then It can innovate without deviating from the international standard provisions.

Based on FSA's Press Release on Saturday 8th of December 2018, FSA urge IFSB to have special priorities in supervising the standards of several supervisory standards, one of priorities is corporate governance. Mohammeda stated that, Islamic financial Institutions recognized the importance of AAOIFI accounting standards, as a reference in preparing financial statements.

LITERATURE REVIEW

1. Previous Research

There are several studies on corporate governance, both in its development and implementation. Research conducted by Luo and Krivogorsky explain that, corporate governance has an important context in the disclosure of information and the credibility of insurance company information. The research supports its argument in disclosure, the research discusses the context, credibility, comparability, and focus of this information as the main measure of materiality.

Research by Mohammeda, et.al. regarding The Influence of Accounting and Auditing for Islamic Financial Institutions (AAOIFI) Accounting Standards in Reporting Islamic Financial Institutions in Malaysia. The study found the reporting attitude of IFIs developed consistently with the growth of IFIs throughout the world. They explained that IFIs recognized the importance of AAOIFI accounting standards, as a reference in preparing financial statements.

Meanwhile, Research study by Firmansyah Based on the analysis of the 11 Islamic Banks in Indonesia, stated that the implementation of Corporate Governance in Islamic banking in Indonesia based on AAOIFI has been running very well especially in Bank BCA Syariah and Bank Mandiri Syariah. This is because Bank BCA Syariah and Bank Mandiri Syariah received an excellent rating for the Self-Assessment on the implementation of Good Corporate Governance in 2016.

Amtsyal regarding analysis of the 15 Islamic banking windows in Indonesia, stated that the implementation of sharia governance in Islamic banking windows in Indonesia based on FSA standard has been running well, but still need some improvement. Then, for the implementation of sharia governance in Islamic banking windows in Indonesia based on IFSB standard has not fully implemented sharia governance.

2. Islamic Insurance

According to Fatwa of National Shariah (Azmi, 2019) Board (BNS) / Dewan Syariah Nasional (DSN) NO: 21/DSN-MUI/X/2001, Islamic insurance or takaful is an effort to help one another and help one of several companies offering assets in the form of assets or tabarru that provide a recovery pattern. Where is contract in accordance with Shariah prohibits elements such as usury (riba), gambling (maysir) and uncertainty (gharar).

2.1 Development of Islamic Insurance in Indonesia

The development of the Islamic insurance industry also occurred in Indonesia. The growth of Islamic insurance is supported by regulatory provisions that guarantee the legal certainty of Islamic insurance activities. Legal provisions governing Islamic insurance include :

- 1) Law No. 2 of 1992 concerning on Insurance Business. Second, Government Regulation No. 73 of 1992 concerning on Provision of Insurance Business
- 2) Minister of Finance Decree Number: 421/KMK.06/2003 concerning on Assessment of Capability and Compliance for Directors and Commissioners of Insurance Companies.
- 3) Decree of the Minister of Finance Number: 422/KMK.06/2003 concerning on Conducting Businesses of Insurance Companies and Companies Reinsurance.
- 4) Decree of the Minister of Finance Number: 423/KMK.06/2003 concerning on Inspections of Insurance Companies.
- 5) Minister of Finance Decree no: 424/KMK.06/2003 concerning on Financial Health of Insurance Companies and Reinsurance Companies.

6) Decree of the Minister of Finance no: 426/KMK.06/2003 concerning on Business Licenses of Insurance Companies and Reinsurance Companies.

Islamic insurance institutions was first established in 1994 through PT Syarikat Takaful Indonesia (STI). PT Syarikat Takaful Indonesia has two subsidiaries, namely PT Asuransi Takaful Keluarga (ATK) and PT Asuransi Takaful Umum (ATU). According to government data from the Ministry of the Republic of Indonesia Capital Market and Financial Institution Supervisory Agency or Badan Pengawas Pasar Modal dan Lembaga Keuangan (BAPEPAM) LK2.

As of January 31, 2011, in Indonesia there were 44 companies engaged in Islamic insurance, five of which were full Islamic insurance (full Islamic insurance system), namely *PT Asuransi Takaful Keluarga (ATK)*, *PT Asuransi Takaful Umum (ATU)*, and *PT Asuransi Mubarakah Insurance (ASM)*, *PT Jaya Proteksi Takaful*, and *PT Asuransi Jiwa Al-Amin*, while 37 units of sharia insurance (UUS), and three reinsurance companies that have sharia units. This condition shows Islamic insurance institutions in Indonesia is starting to be occupied seriously. The demand for Islamic insurance institutions in the community has increased which can be interpreted that Indonesian society have begun to get used to making transactions by using Islamic principle.

b. Types of Insurance Institutions based on State Law

According to Laws of The Republic Indonesia No. 40 Year 2014 concerning on Insurance Business, types of insurance business include :

1) General Insurance Business

General Insurance Business is a risk insurance service business that provides compensation to the insured or policy holder due to loss, damage, costs incurred, loss of profits, or legal liability to third parties that may suffer the insured or policyholder due to an uncertain event.

2) Life Insurance Business

Life Insurance Business is a business that provides risk management services that provide payments to policyholders, insured, or other parties that are entitled to the insured dies or remains alive, or other payments to policyholders, insured, or other parties who are entitled at a certain time regulated in the agreement, the amount of which has been determined based on the results of fund management.

3) Reinsurance Business

Reinsurance Business is a reinsurance service business against risks faced by insurance companies, guarantee companies, or other reinsurance companies.

4) Islamic General Insurance Business

Islamic General Insurance Business is a business against risks based on Islamic Principles in order to help and protect each other by providing reimbursement to participants or policyholders due to loss, damage, costs incurred, loss of profits, or legal liability to third parties that may be suffered by participants or policyholders due to an uncertain event.

5) Islamic Life Insurance Business

Islamic Life Insurance Business is a business against risks based on Islamic Principles to help and protect each other by providing payments based on the participant's death or life, or other payments to participants or other parties who are entitled at a certain time stipulated in the agreement, the amount of which has been determined and based on the results of fund management.

6) *Islamic Reinsurance Business*

Islamic reinsurance Business is a business against risks based on Islamic principles for risks faced by Islamic insurance companies, Islamic guarantee companies, or other Islamic reinsurance companies.

3. Corporate Governance

Corporate Governance was first introduced by Cadbury Committee in 1992 in a report known as the Cadbury Report. The Cadbury Report is issued by "**The Committee on the Financial Aspects of Corporate Governance**" chaired by **Adrian Cadbury**. Corporate Governance is a system that functions to direct and control the organization.

Corporate governance is the broad term describes the processes, customs, policies, laws and institutions that directs the organizations and corporations in the way they act, administer and control their operations. Good corporate governance is an essential standard for establishing the striking investment environment which is needed by competitive companies to gain a strong position inefficient financial markets.

3.1 *The Principle of Good Corporate Governance*

The basic principle of good corporate governance drawn up by Organization for Economic Corporation and Development (OECD) consists of five aspects:

1) Transparency

Transparency can be interpreted as information disclosure, both in the decision making process and in disclosing material and relevant information about the company.

2) Accountability

Accountability is the clarity of functions, structure, systems and accountability of company organs then the company's management is carried out effectively.

3) Responsibility

Corporate responsibility is conformity (compliance) in the management of the company with sound corporate principles and applicable laws and regulations

4) Independence

Independence is a situation where the company is managed professionally without any conflict of interest that is not in accordance with applicable laws and regulations and sound corporate principles.

5) Fairness

Fair and equal treatment in fulfilling stakeholder rights that arise based on agreements and applicable laws and regulations.

4. Financial Service Authority (FSA) Indonesia

Financial Service Authority (FSA) Indonesia is state institutions established under Law Number 21 of 2011 which organizes an integrated regulation and supervision system for all activities in the financial services sector in the banking sector, capital market, and non-bank financial services sectors such as Insurance, Pension Funds, Financial Institutions, and other Financial Services Institutions.

Based on Article 4 of Law Number 21 Year 2011 concerning on FSA, it states that FSA is formed with the aim that all activities in the financial services sector are carried out in an orderly, fair, transparent, accountable manner and are able to realize a financial system that grows sustainably and stably, and is able to protect the interests consumers and society alike.

5. Islamic Financial Services Boards (IFSB)

Islamic Financial Service Boards (IFSB) is an international standard-setting organization promotes and enhances the soundness and stability of the Islamic financial services industry by issuing global prudential standards and guiding principles for the industry, broadly defined to include islamic banking, capital markets and Islamic insurance sectors.

IFSB was first established in last 2002 and began operations in early 2003. At the end of 2018 the IFSB had 180 members consisting of 78 supervisory and supervisory authorities, 8 international intergovernmental organizations, and 94 market players (financial institutions, professional companies, industry associations, and stock exchanges) operating in 57 jurisdictions.

Based on IFSB official website , IFSB has been published 27 standards in 2018, they are :

No	Standars	Year	Tittle	Remarks
1	IFSB-1	2005	Guiding Principles of Risk Management for Institutions (other than Insurance Institutions) offering only Islamic Financial Services (IIFS)	STD ^a
2	IFSB-2	2005	Capital Adequacy Standard for Institutions (other than Insurance Institutions) offering only Islamic Financial Services (IIFS)	STD ^a
3	IFSB-3	2006	Guiding Principles on Corporate Governance for Institutions offering only Islamic Financial Services (Excluding Islamic insurance (Takâful) Institutions and Islamic Mutual Funds)	STD ^a
4	IFSB-4	2007	Disclosures to Promote Transparency and Market Discipline for Institutions offering Islamic Financial Services (excluding Islamic insurance (Takâful) Institutions and Islamic Mutual Funds)	STD ^a

5	IFSB-5	2007	Guidance on Key Elements in the Supervisory Review Process of Institutions offering Islamic Financial Services (excluding Islamic insurance (<i>Takâful</i>) Institutions and Islamic Mutual Funds)	STD ^a
6	IFSB-6	2008	Guiding Principles on Governance for Islamic Collective Investment Schemes	Ex-STD ^b
7	IFSB-7	2009	Capital Adequacy Requirements for <i>Sukûk</i> , Securitisations and Real Estate Investment	Ex-STD ^a
8	IFSB-8	2009	Guiding Principles on Governance for <i>Takâful</i> (Islamic insurance) Undertakings	Ex-STD ^c
9	IFSB-9	2009	Guiding Principles on Conduct of Business for Institutions offering Islamic Financial Services	STD ^d
10	IFSB-10	2009	Guiding Principles on <i>Shari'ah</i> Governance Systems for Institutions offering Islamic Financial Services	Ex-STD ^d
11	IFSB-11	2010	Standard on Solvency Requirements for <i>Takâful</i> (Islamic insurance) Undertakings	STD ^c
12	IFSB-12	2012	Guiding Principles on Liquidity Risk Management for Institutions offering Islamic Financial Services	Ex-STD ^a
13	IFSB-13	2012	Guiding Principles on Stress Testing for Institutions offering Islamic Financial Services	STD ^a
14	IFSB-14	2013	Standard On Risk Management for <i>Islamic insurance</i> (Islamic insurance) Undertakings	STD ^c
15	IFSB-15	2013	Revised Capital Adequacy Standard for Institutions Offering Islamic Financial Services Excluding Islamic insurance (<i>Islamic insurance</i>) Institutions and Islamic Collective Investment Schemes]	Re-STD ^a
16	IFSB-16	2014	Revised Guidance on Key Elements In The Supervisory Review Process of Institutions Offering Islamic Financial Services (Excluding Islamic insurance (<i>Islamic insurance</i>) Institutions and Islamic Collective Investment Schemes)	Re-STD ^a
17	IFSB-17	2015	Core Principles for Islamic Finance Regulation (Banking Segment)	STD ^a
18	IFSB-18	2016	Guiding Principles for <i>ReIslamic insurance</i> (Islamic Reinsurance)	STD ^c
19	IFSB-19	2017	Guiding Principles on Disclosure Requirements for Islamic Capital Market Products (<i>Sukûk</i> and Islamic Collective Investment Schemes)	STD ^b
20	IFSB-20	2018	Key Elements in the Supervisory Review Process of <i>Takâful/Retakâful</i> Undertakings	STD ^c
21	IFSB-21	2018	Core Principles for Islamic Finance Regulation [Islamic Capital Market Segment]	STD ^a
22	IFSB-22	2018	Revised Standard on Disclosures to Promote Transparency and Market Discipline for Institutions Offering Islamic Financial Services [Banking Segment]	Re-STD ^b
23	GN-1	2008	Islamic Financial Services (Banking Segment)	GN ^a
24	GN-2	2010	Recognition of Ratings on Sharia-Compliant Financial Instruments	Gn ^a
25	GN-3	2010	Guidance Note in Connection with the Risk Management and Capital Adequacy Standards: Commodity Murabahah Transactions	GN ^a
26	GN-4	2011	Guidance Note on the Practice of Smoothing the Profits Payout to Investment Account Holders	GN ^a
27	GN-5	2011	Guidance Note in Connection with the IFSB Capital Adequacy Standard: The Determination of Alpha in the Capital Adequacy Ratio	GN ^c
28	GN-6	2015	Guidance Note on the Recognition of Ratings by External Credit Assessment Institutions (ECAIS) on <i>Takaful</i> and <i>ReTakaful</i> Undertakings	GN ^a
29	TN-1	2008	Quantitative Measures for Liquidity Risk Management	TN ^a
30	TNI-2	2016	Development of Islamic Money Markets Stress Testing	TN ^a

Source : <https://www.ifsb.org/published.php>, 2018

- STD : Originated Standard
- Ex-STD : Extended standards due to either addition or exclusion of Takaful, mutual fund, and collective investment scheme
- Re-STD : Revised Standard
- GN : Guiding note
- TN : Technical note.

Note: The remarks in the last column contain superscripts of four different letters that indicate the different sector applicable to each standard; a-banking, b-capital market, c-Takaful, and d-a combination of sectors.

RESEARCH METHODS

1. Research Design

This research aims to determine the extent of the application of corporate governance standards issued by the IFSB on Islamic insurance in Indonesia in the Corporate Governance Report issued in 2018. The approach used in this study is a qualitative approach. Type of research used in this research is content analysis, which aims to find out the implementation of corporate governance in Islamic insurance in Indonesia in terms of IFSB standard no 8.

2. Object of Research

This research uses the Life Insurance Companies Sharia Business Units as an object because the standard used in this study is the IFSB standard which contains standards for Islamic financial institutions. Meanwhile, Full Sharia Life Insurance Companies have not been selected as a research subject because Full Sharia Life Insurance Companies have not published an annual report. The Sharia Business Unit Life Insurance Companies registered with FSA Indonesia numbered 19 companies, but some company have not yet published the annual report of 2018 and indeed do not. Non-issuing companies are subsidiaries of international companies, so the annual reports are published in a comprehensive manner.

The subjects in this research are seven Life Insurance Companies Sharia Business Units are registered in Financial Services Authority Indonesia institution and published the annual reports and financial report of 2018. They are :

- 1) Asuransi Jiwa Manulife Indonesia (MI)
- 2) Sinar Mas MSIG (SM)
- 3) Axa Mandiri Financial Services (AXA)
- 4) BNI Life Insurance (BNI)
- 5) Great Eastern Life Indonesia (GEL)
- 6) Panin Daichi Life (PDL)
- 7) BRI Life insurance (BRI)

The object of this research is the implementation of governance based on international standards, namely IFSB No. 08 concerning on Guiding Principles on Governance for Takaful Undertakings (Islamic insurance Institutions). This is done because the subject of this study is shaded by the authority namely Financial Services Authority Indonesia are full members of the Islamic Financial Service Board (IFSB).

3. Data Analysis Techniques

Data analysis technique is the process of collecting data systematically to make it easier for author to get conclusions. According to Sugiyono, data analysis is the process of systematically searching and compiling data obtained from interviews, field notes, and documentation, by organizing data into categories and describing them into units, synthesizing, composing into patterns, choosing what is important and what will be learned, making it so it is easily understood by oneself and others.

To present data then it is easy to understand, the steps in analyzing the data used in this study are Analysis of Interactive Models from Miles and Huberman. Miles and Huberman in Sugiyono, suggested that the activities in qualitative data analysis are carried out interactively and continue to continue until finished. Activities in analyzing qualitative data are :

1) Data Reduction

Reducing data means summarizing, choosing the main points, focusing on the things that are important, looking for themes and patterns and removing unnecessary. Thus the reduced data will present clearer images and make it easier for researchers to collect data and look for it.

2) Display Data

After the data is reduced, the next step is to display the data. Through the presentation of data, the data is organized, arranged in a relationship pattern, then it is more easily understood. Data can be presented in the form of diagrams, pyramids, tables, graphics, and other. By displaying the data, it will be easy to understand what will happen, plan further work based on what is understood.

3) Conclusion Drawing/Verification

The final step is conclusion drawing/verification. The initial conclusions put forward are still in the form of temporary and will change if not found strong evidence that supports the next stage of data collection. If the initial conclusions are supported by evidence of valid data, the conclusions presented are credible conclusions.

DISCUSSION

1. Implementation of Corporate Governance in Islamic insurance in Indonesia based on POJK No. 73 /POJK.05/2016

Regulations made in connection with the draft circular letter POJK NO-/POJK.05/2019 on the rating of Non-Bank Financial Services Institutions (NBFSI) each IIOs has done a Self-Assessment on the implementation of Good Corporate Governance. The following are the results of each IIOs :

Table 1. Self-assessment predicate on Islamic insurance operators

No	Islamic insurance Operators	Predicate
1	Asuransi Jiwa Manulife Indonesia	Good
2	Sinar Mas MSIG	Good
3	Axa Mandiri Financial Services	Very Good
4	BNI Life Insurance	Good
5	Great Eastern Life Indonesia	Good
6	Panin Daichi Life	Good
7	BRI Life Insurance	Very Good

Source: Secondary data processed, 2019

Data Table 1. Self-assessment predicate on Islamic insurance operators shows that, 7 (seven) Islamic Insurance Operators (IIOs) on average have a very good and good predicate, which means that the implementation of governance in sharia insurance companies has been implemented well. The predicate was very well received by Axa Mandiri Financial Services and BRI Life Insurance. Considering that Axa Financial Services and BRI Life Insurance as a subsidiary of the national company Mandiri Bank and BRI Bank, the predicate "Very Good" can be an achievement and value for the company. This assessment is supported by Firmansyah's research on The Predicate Value of Self-Assessment Results on the Implementation of GCG in Islamic Bank 2016, where the corporate governance of Bank BRI Syariah gets the same rating as its Islamic insurance companies.

2. Implementation of Corporate Governance in Islamic insurance in Indonesia based on IFSB no 8

Based on the results of the overall analysis, it shows that IIOs in Indonesia have implemented the IFSB standard indicators well, although there are some points that have not been implemented perfectly or disclosed in annual reports. The following are the results of the assessment by comparing indicators on each factor which includes 6 (six) factors of corporate governance implementation :

Table 2. Predicate Value Assessment Results Based on IFSB no 08

No	Islamic insurance Operators	1	2	3	4	5	6
1	Asuransi Jiwa Manulife Indonesia	1,00	3,00	1,70	1,45	4,30	3,70
2	Sinar Mas MSIG	1,00	3,00	1,00	1,00	4,30	3,20
3	Axa Mandiri Financial Services	1,00	1,00	1,00	1,00	4,30	2,60
4	BNI Life Insurance	1,00	1,00	1,00	1,00	4,30	3,20
5	Great Eastern Life Indonesia	1,00	1,00	1,00	2,30	4,30	3,20
6	Panin Daichi Life	2,67	1,00	1,00	1,00	3,50	3,70
7	BRI Life Insurance	1,00	1,00	1,00	1,00	4,30	3,20

Source: Secondary data processed, 2019

The predicate value of the assessment results is obtained based on the results of formula, as follows :

$$(5.00/dy=x/dx)+1$$

From the results of the assessment conducted on the IFSB standard indicators, the ranking of factors per assessment is obtained as follows :

Table 3. A composite value (CV) calculation model

No.	Indicator	Weight (b)	Value (a) X (b)	Rank (a)
1	Accountability Principle to Comprehensive Governance Framework (CGF)	20.00%	0,20	1
2	Responsibility Principle to Code Ethics and Conduct (CEC)	20.00%	0,20	1
3	Independence Principle to Governance Structure (GS)	20.00%	0,20	1
4	Fairness Principle to Disclosures Information (DI)	20.00%	0,20	1
5	Transparency Principle to Mechanism, Investment Strategy and Manage assets and Liabilities (MISM)	20.00%	0,20	1
Composite Value (CV)		100.00%	1,00	5

The following are the results of the calculation of the Predicate Value of Assessment Results (a) with the composite model calculation value indicator (b) :

Table 4. Composite Value (CV) Calculation Results

No	Islamic insurance Operators	CGF	CEC	GS	DI	MISM	CV
1	Asuransi Jiwa Manulife Indonesia	0,20	0,60	0,34	0,29	0,80	2,23
2	Sinar Mas MSIG	0,20	0,60	0,20	0,20	0,75	1,95
3	Axa Mandiri Financial Services	0,20	0,20	0,20	0,20	0,69	1,49
4	BNI Life Insurance	0,20	0,20	0,20	0,20	0,75	1,55
5	Great Eastern Life Indonesia	0,20	0,20	0,20	0,46	0,75	1,81
6	Panin Daichi Life	0,53	0,20	0,20	0,20	0,72	1,85
7	Bringin Jiwa Sejahtera	0,20	0,20	0,20	0,20	0,75	1,55
Mean							1,78

Source: Secondary data processed, 2019

The table below explains the ranking ranking of Good Corporate Governance as stipulated in a circular letter Draft POJK NO - /POJK.05/2019 concerning on the assessment of the soundness of Non-Bank Financial Services Institutions

Table 5. Criteria for Evaluating Good Corporate Governance (GCG)

Composite Value	Predicate
CV < 1,5 ,,	Very Good
1,5 < CV < 2,5	Good
2,5 < CV < 3,5	Pretty good
3,5 < CV < 4,5	Poor
4,5 < CV < 5,0	Bad

Source: Circular of POJK Draft NO - /POJK.05/2019

The following are the results of the composite values and their ratings from each IIOs :

Table 6. The Predicate Value of Assessment Result on The Implementation of Corporate Governance in Islamic insurance based on IFSB Standard no 8

No.	Islamic insurance Operators	CV	Predicate
1	Asuransi Jiwa Manulife Indonesia	2,23	Good
2	Sinar Mas MSIG	1,95	Good
3	Axa Mandiri Financial Services	1,49	Very Good
4	BNI Life Insurance	1,55	Good
5	Great Eastern Life Indonesia	1,81	Good
6	Panin Daichi Life	1,85	Good
7	BRI Life Insurance	1,55	Good

Source: Secondary data processed, 2019

Based on the above table it can be concluded that Islamic insurance in Indonesia has an average value of 1.78 with a "Good" rating, while the difference in the composite value between each company does not show the difference in the distance with each other, except Asuransi Jiwa Manulife Indonesia with a value of 2.23. This data shows that the difference in the application of standards is not too different in every Islamic insurance company. Then, one of seven IIOs received a "Very Good" predicate with a value of 1.49, namely Axa Mandiri Financial Services.

CONCLUSION

This research aims to determine and analyze the implementation of corporate governance in Islamic insurance in Indonesia based on Financial Services Authority (FSA) Indonesia regulation then to know and analyze the application of governance in Islamic insurance in Indonesia based on Islamic Financial Services Boards (IFSB) as International standards. This study uses secondary data obtained from IIOs annual reports for 2018. Based on the research it can be concluded as follows :

First :

The implementation of corporate governance in Islamic insurance in Indonesia based on POJK No.73/POJK.05/2016 has a "Good" rating. All IIOs did a Self-Assessment on the implementation of Good Corporate Governance, with details two IIOs received the rank of "Very Good", namely Axa Mandiri Financial Services and BRI Life Insurance.

Second :

The implementation of corporate governance in Islamic insurance in Indonesia based on IFSB Standard No. 8 has an average value of 1.78 with a "Good" rating, while the difference in composite values between each company does not indicate differences in distance from each other. Then, one of seven IIOs received a "Very Good" predicate with a value of 1.49, namely Axa Mandiri Financial Services.

Based on the results of the analysis, the majority of the standards have been implemented. These standards have been well implemented regarding the Governance Framework, the The code of Ethics and Business Conduct, the Governance Structure and the Disclosure of relevant Information. However there are several standard points have not been applied or not yet disclosed in the annual report. Several standard points that have not been implemented related to investment policies, Participant's Risk Fund mechanism, and cooperation between IIOs to Islamic reinsurance.

LIMITATION OF RESEARCH

The limitation of this research is :

1. This study uses secondary data, so the results of the discussion are less specific regarding the promotion of IIOs, investment and risks management policies.
2. This study uses an annual report within a period of one year, so it cannot be compared from the previous year.

SUGGESTION

The suggestion of this research is :

1. Theoretical Suggestion

For Islamic insurance institutions, it is suggested this research can be an evaluation for authority and Islamic insurance institutions, and can enhance operational and financial performance of Islamic insurance institutions, as explained by Tertius and Christiawan. Islamic insurance institutions are suggested to be able to maintain and optimize the implementation of governance, especially on standards that have not yet been applied.

Regulators are advised to better monitor IIOs governance practices, because IIOs are one of the main instruments of Islamic finance in Indonesia. Although this requires several challenges in consolidating efforts to overcome them. Namely, the lack of sovereignty of the Islamic financial standards body, social and environmental negligence, lender problems of the last resort, harmonization with international practice, issues of Islamic financial contracts, cooperation towards adoption, insufficient experts, balanced approach, adoption approach and money laundering problems. As has been explained by Hassan, Aliyu, Huda, and Rashid in their research.

2. Practical Suggestion

For further research, it is recommended to analyze more deeply and broadly about the implementation of corporate governance not only in Islamic insurance but also in several non-bank Islamic financial institutions. According to Luo and Krivogorsky, Explains that corporate governance has an important context in the disclosure of information and the credibility of company information.

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